

CITY OF LAKE MILLS, IOWA
URBAN RENEWAL PLAN
2018 AMENDMENT

SECTION 1

INTRODUCTION TO AMENDMENT

1.2 Purpose

The Lake Mills Urban Renewal Plan (known hereafter as “Plan”) for the Lake Mills Urban Renewal Area (known hereafter as “Area”) is being amended to facilitate new projects using tax increment financing. The Plan, first adopted in 1986, as amended here and previously amended in earlier versions, is intended to satisfy requirements identified in Chapter 403 of the Code of Iowa (the “Code”) for amending the Plan. The amendment, as authorized by the Lake Mills City Council, modifies and expands a few sections of the Plan which were previously approved. Sections not modified by this document shall remain in effect. No property has been added to the Area with this amendment and all planned projects are located within the boundaries of the Area.

SECTION 2

URBAN RENEWAL AREA

2.5 Project Area Activities

With this amendment, the following projects are hereby added to the list of authorized projects under the Plan. The City may use its urban renewal authority, including tax increment financing, to complete the following projects:

(1) Municipal Swimming Pool Improvement Project (the “Pool Project”).

The Pool Project will consist of maintenance and repair, including painting and new grates to improve safety, of the municipal swimming pool situated adjacent to Oakwood Park in the City. The City has found that provision of safe, superior recreational facilities is necessary for the enhancement and maintenance of economic development in the community. It is anticipated that the completed Pool Project will have a positive impact on commerce in the Urban Renewal Area through the provision of enhanced recreational amenities resulting in the attraction and retention of businesses and is in the best interests the health, safety, welfare of its residents.

It is anticipated that the City will pay for the Pool Project with either borrowed funds or the proceeds of an internal advance of City funds on-hand. In either case, the City’s obligation will be repaid with incremental property tax revenues. It is anticipated that the City’s use of incremental property tax revenues for the Pool Project will not exceed \$35,000.

In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the following is the City's analysis of its proposed use of incremental property tax revenues for the funding of the Pool Project and alternative development and funding options for the Pool Project.

Alternate Development Options: The City Council has determined the provision of superior parks and recreational facilities are essential to the economic development of the City. Maintaining and enhancing the municipal swimming pool will positively impact commerce, growth and development in the Urban Renewal Area. The improvement of the existing municipal swimming pool to its highest and best use is more cost effective than constructing a new municipal swimming pool. There are no other development options feasible on the property on which the municipal swimming pool is currently located.

Alternate Financing Options:

* **Local Option Sales and Services Tax Revenues:** Local Option Sales and Services Tax Revenues are unavailable to assist with the Pool Project because such Revenues have been allocated to other projects in the City.

* **General Fund:** The City is at its \$8.10 per thousand levy limit for the General Fund, and the annual proceeds from this levy are fully committed to maintain the operational integrity of the City. The City has limited cash reserves in its General Fund and cannot access such reserves to pay the costs of the Pool Project without risking unsound fiscal practice.

* **Capital Improvements Levy:** The City does not have a Capital Improvements Levy available, and the imposition of such additional levy would require a successful referendum, which is not feasible at this time.

* **Debt Service Levy:** The City Council has determined that the debt service levy rate should not be raised for the Pool Project. The City will be required to raise the debt service levy for projects that do not qualify for tax increment financing. Raising the current debt service levy rate for the Pool Project would result in an undue burden to the citizens of the City. The use of tax increment financing will lessen the burden on individual tax payers that would result from a spike in the debt service levy rate and will shift that burden onto valuation increases resulting from the City's successful economic development initiatives which are enhanced by the operations at the municipal swimming pool.

* **Swimming Pool Revenues:** The City does not have revenues available from the municipal swimming pool to aid in the funding of the Pool Project. Annually the municipal swimming pool operates under deficit funding conditions so each year the City subsidizes the municipal swimming pool revenue fund with proceeds from the general fund.

* Utility Surpluses: The City does not have identified surpluses in its sewer and/or water utility funds that could aid in the funding of the Pool Project.

(2) Street Maintenance and Repair Project (the Street Project)

The Street Project will consist of resurfacing and patching, slurry leveling, crack filling, and seal coating on North Mill Street from 5th Avenue to the North City Limits and concrete replacement for one block of South Lake Street from 101 W Main to 108 S Lake Street.

It is expected that the completed Street Project will improved the City’s ability to provide adequate transportation infrastructure for the growth and retention of commercial and industrial businesses in the City and is in the best interests of the health, safety, welfare of its residents.

It is anticipated that the City will pay for the Street Project with either borrowed funds and/or the proceeds of an internal advance of City funds on-hand. In either case, the City’s obligation will be repaid with incremental property tax revenues derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenues for the Street Maintenance and Repair Project will not exceed \$85,000.

(3) Water System Improvement Project (the “Water Project”)

The Water Project includes replacing a water main on West Main Street between 308 West Main Street and 512 West Main Street.

It is expected that the completed Water Project will improve the City’s ability to provide high quality water services for the growth and retention of commercial and industrial businesses and is in the best interests of the health, safety, welfare of its residents.

It is anticipated that the City will pay for the Water Project with either borrowed funds and/or the proceeds of an internal advance of City funds on-hand. In either case, the City’s obligation will be repaid with incremental property tax revenues derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenues for the Water System Improvements Project will not exceed \$100,000.

(4) Waste Water Treatment Plant Improvements Project (the “WWTP Project”)

The WWTP Project will consist of two components.

i) The City will engage an engineer for professional engineering services to meet new Department of Natural Resources requirements for the City’s waste water treatment plant.

ii) The City intends to construct dump station lagoons on a parcel of ground across the road from 602 West Main Street. It is expected that the two parts of the completed WWTP Project will improve the ability of the City to provide waste water

service for the growth and retention of commercial and industrial businesses and is in the best interests of the health, safety, welfare of its residents.

It is anticipated that the City will pay for the WWTP Project with either borrowed funds and/or the proceeds of an internal advance of City funds on-hand. In either case, the City’s obligation will be repaid with incremental property tax revenues derived from the Urban Renewal Area. It is anticipated that the City’s use of incremental property tax revenues for the WWTP Project will not exceed 325,000.

In each of the above described projects, the City will not need to acquire any real property interests to undertake these projects.

SECTION 4

GENERAL PROVISIONS

4.1 Project and City Indebtedness

New City Urban Renewal projects and City indebtedness, as estimated, are shown in the tables below. The 2018 Amendment is intended to provide funds for projects which are listed in Section 2.5 above. Each Project will take place within the existing Area.

Proceeds of the financing mechanisms afforded through the Urban Renewal statutes have previously been used to fund many public infrastructure improvements in Lake Mills and to assist businesses and nonprofit organizations with other improvements within the Area. Currently, several new projects are envisioned for which the source of dollars is Tax Increment Financing (TIF).

New Projects to be Undertaken

Municipal Pool Improvements Project	\$35,000
WWTP Project	\$325,000
Water Project	\$100,000
Street Project	\$85,000
Total	\$545,000

General Obligation (GO) Debt that is incurred by the City through TIF is debt that must be counted against the City’s constitutional debt limit, defined as five percent of the City’s actual assessed value. The current financial information including the debt capacity is detailed below, as required by Section 403.17 of the Code of Iowa.

100% Valuation (2017)	\$114,036,297
Constitutional debt limits - Bonding capacity (5%)	\$ 5,701,815
Outstanding GO debt	\$180,000
Proposed total new debt to be incurred	\$545,000
Total Current & New GO Debt	\$725,000

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*It is anticipated that some or all of the debt incurred in this amendment as in previous amendments of the Plan, may be subject to annual appropriation by the City Council.

Original Plan adoption date, November 3, 1986

1st Revision, May 8, 1989

2nd Revision, March 4, 1991

3rd Revision, December 16, 1996

4th Revision, May 17, 1999

5th Revision, April 23, 2001

6th Revision, November 4, 2002

7th Revision, December 17, 2007

8th Revision, March 2009

9th Revision, December 16, 2013

10th Revision, May 18, 2015

11th Revision, April 18, 2016

12th Revision, June 19, 2017

13th Revision, April 16, 2018